

## As health care bills wind through Congress, Texas health care leaders weigh the possible outcomes

*Most Central Texas health care leaders laud bills that aim to expand coverage, but worries linger.*

By [Mary Ann Roser](#)

AMERICAN-STATESMAN STAFF

Published: 7:56 p.m. Monday, Dec. 21, 2009

If there is one statistic any health care leader in the state can recite, it's this: One in four Texans lacks health insurance.

But some Texas supporters of the health care proposals Congress has been debating this year say another statistic is equally troubling: One in three working adults in Texas is uninsured.

Many of the health leaders say Texas — which has the nation's highest rate of uninsured residents — has much to gain from the nearly \$1 trillion proposals because they would dramatically expand coverage to people who lack it. Families USA, a consumer health advocacy group, estimated Wednesday that the state could cover 4 million of the 6 million people who are uninsured today under the Senate health bill now being considered.

"The consequences of inaction are very severe for people across the country," said Ron Pollack, executive director of Families USA. More than 8 million more Americans would become uninsured by 2019, bringing the total to 54 million, including 1 million more Texans, Pollack said. His organization reported last week that 22,000 adults ages 25 to 64 die yearly because they are uninsured.

"Because Texas ranks first in the percentage of uninsured, Texas stands to gain the most from national health care reform," says the Center for Public Policy Priorities, which advocates for low- and moderate-income Texans.

But critics say the state can't afford it — they predict that higher costs will be passed on to states and consumers — and many citizens question why their tax money should pay for other people's health care.

"The costs are a concern to everybody — on the left, on the right and on the middle," said former state Rep. Arlene Wohlgenuth, a senior fellow and soon-to-be executive director of the Texas Public Policy Foundation, which promotes smaller government. "We need to do reform in a way that is going to lower the cost of care, and we feel the reforms before Congress are doing exactly the opposite. They are going to be very expensive, decrease access and lower the quality of care."

Wohlgenuth said she thinks Congress should scrap the proposals and start over. "I think the country should be doing reform — but not this kind of reform," she said.

The already-approved House bill and the legislation pending before the Senate contain such measures as:

- Requiring most people and employers to buy health insurance and taxing those who don't.
- Expanding health coverage to 31 million additional Americans in the Senate version and 37 million in the House version.
- Vastly expanding Medicaid coverage to adults younger than 65 who fall below 133 percent of the federal poverty level (Senate version) or 150 percent of the federal poverty level (House bill) rather than allowing states to set eligibility thresholds.
- Creating health insurance exchanges through which people can receive government aid to buy insurance, including a lower-cost government health insurance plan called a "public option" that is now only in the House-approved bill.
- Placing more controls on private insurance, such as limiting deductibles and eliminating pre-existing conditions as reasons to exclude coverage.

President Barack Obama has pledged to sign a bill that's "deficit neutral" by financing the changes through new taxes, fees and savings from Medicare and Medicaid — which alone are estimated to total \$426 billion in the House plan over 10 years and \$491 billion in the Senate version, according to the Kaiser Family Foundation, a nonprofit focused on health issues. Hospitals have agreed to payment cuts totaling \$150 billion over 10 years, expecting to make up the losses by seeing more newly insured patients. Drug companies have agreed to cut costs by \$80 billion.

The Congressional Budget Office and the Joint Committee on Taxation say in recent estimates that the Senate bill would produce a net reduction in federal deficits of \$130 billion between 2010 and 2019 and \$104 billion in the more benefit-generous House bill.

After months of dissecting the health care proposals, hospital executives, leading doctors and health care experts in Texas agree the medical system needs a makeover, and most favor a vast expansion of health coverage.

At the same time, most view the proposals as health insurance reform rather than an overhaul of the nation's health care delivery system. It does not fundamentally change the fee-for-service system in which doctors and hospitals are paid on the basis of how many procedures they do, and most health care leaders contend that the bills wouldn't tame out-of-control costs, though some said the experimental programs in the bills are a start on that path.

"This is not a health care reform revolution," said Mark Clayton, a senior vice president at St. David's HealthCare, the second-largest hospital system in the Austin area. "This will be a continual process" that will be refined as years go by, he said, adding that he is optimistic about the legislation and how St. David's and Central Texas will fare if it is passed.

The health insurance industry, which has taken its share of whippings in the debate, ranges from skeptical to vehemently opposed to the legislation.

"The bills are terrible," said Jared Wolfe, executive director of the Texas Association of Health Plans, predicting health insurance premiums would escalate if either bill becomes law.

Executives of Central Texas hospitals such as Clayton and some leading doctors say they hope for approval, saying the system is too sick to keep nursing it along.

"The current policies we operate under are killing all of us," said Ed Berger, vice president for advocacy and government relations with the Seton Family of Hospitals, the largest in Central Texas. "Costs keep going up, and we have limited control over that. Texas, with 25 percent uninsured, that's a real problem for us, and we all pay for that one way or another," either in higher taxes or higher-than-average insurance premiums.

Tom Banning, CEO of the Texas Academy of Family Physicians, said that although both bills have problems, "not taking the opportunity to begin to fundamentally reform our system would be a tremendously missed opportunity. It's important to reform the system before it collapses, because if it collapses, it's going to die."

Racing to a finish

The details of the legislation have shifted almost daily, but the Senate reached a breakthrough early Monday, gaining the 60 votes needed to break a GOP filibuster.

The Senate is now racing to finish its work by Christmas, but its bill must be melded with the House version before reaching Obama.

At this point, no one knows how much the legislation would cost hospitals in Central Texas, the state, or the average Texan who pays taxes and has commercial insurance.

And while hospitals have some heartburn about the numbers, "The concerns we have about access and the uninsured \u2026 far outweigh the concerns we have about (hospital) reimbursements," Clayton said.

Public clinics would get an additional \$10 billion in the Senate bill (\$12 billion in the House version), which had people cheering at Central Health, the organization formerly known as the Travis County Healthcare District. But a big concern of many health care leaders in Texas is what happens to Medicaid, a federal-state program for the neediest people. The program mainly serves children, people with disabilities and pregnant women, and Berger says many doctors already don't take new patients covered by Medicaid or Medicare — a program that mainly serves the elderly. So what will happen, he asked, if those programs are vastly expanded, especially in communities with severe doctor shortages?

Interest groups have competing analyses on the cost impact of the proposed expansion of Medicaid, which now covers 2.9 million children, pregnant women and people with disabilities at a cost of \$22.5 billion a year, with the state paying \$8 billion.

Wohlgenuth's group says that the legislation would add 2.5 million Texans to the program over the next 10 years, costing Texas taxpayers an additional \$20 billion.

Health care would be increasingly rationed for everyone, wait times for doctors' appointments would increase and quality would go down, she predicted. Wohlgenuth recommended that Congress expand health savings accounts, which allow people to use pre-tax dollars to pay for health care.

But the Center for Public Policy Priorities says Texas will gain more from the Medicaid expansion than it will pay out.

The center's analysis by Associate Director Anne Dunkelberg says Texas would pay an additional \$14.4 billion between 2014 and 2023 to cover an additional 2.5 million people, including adults not now eligible for Medicaid and some children who already are eligible but not enrolled.

"Expanded Medicaid would cover millions of Texans living in or near poverty. Even more funding — with no state matching dollars required — will flow to Texas from premium assistance to low-to-moderate income families who buy insurance through the new health insurance exchange," her analysis says. "Protection from unlimited out-of-pocket health care costs would provide these families a tremendous economic boost, a point almost totally overlooked in the ongoing debate."

Uncertainty

Dunkelberg's analysis also says that people who now have insurance could see their premiums drop because as more people are able to get insurance, the cost of health care would no longer be shifted to those who can pay.

The Congressional Budget Office said premiums would stay about the same or come down a bit if the Senate bill became law, except for the 30 million individuals who buy insurance on their own rather than through an employer. For most of them, it would go up, but the Congressional Budget Office says there is considerable uncertainty surrounding the estimates.

Wolfe, the health insurance association leader, said he thinks premiums will rise because too many healthy people will ignore the government mandate and won't get health insurance. They won't want to subsidize sick people and will decide it's more cost-effective to pay a penalty rather than face higher insurance premiums, he said.

Jennifer Ahrens, executive director of the Texas Association of Life and Health Insurers, said she fears the possible changes could push some of Texas' 100 insurers out of the market. "That's not the best way to try and encourage competition, by overregulating how an insurance company can work," she said.

Dr. Norman Chenven, CEO and founder of Austin Regional Clinic, said health insurance today is "administratively goofy" and needs to be fixed.

"Every health plan has its own forms and its own methodologies," which makes it hard for doctors and patients to know how much a given company will pay for a given procedure, he said. "There is no other realm in life where you buy something and you don't know what it's going to cost you."

At his clinic, "we have to have a significant number of staff who do nothing but chase the rules and complexities of payments," Chenven said, adding that 25 percent to 30 percent of health care premiums go toward administrative costs and health plan profits — "a crazy waste of billions of dollars."

Berger, the Seton vice president, said he worries about "unintended consequences." For example, a proposal to reduce payments to hospitals if patients are readmitted soon after discharge could unfairly penalize hospitals if the readmission was planned, Berger said.

"They don't want to pay for a patient who is discharged too early. \u2026 I get that," he said. But "it doesn't distinguish between a planned readmission required for the diagnosis and one that's not."

Doctors worry about unintended consequences, too. Proposals to reward doctors on the basis of how well their patients do could unfairly penalize those doctors who take care of a disadvantaged population with worse-than-average health care status, said Dr. James Rohack, a cardiologist at Scott & White Healthcare and president of the American Medical Association.

He supports covering uninsured people and eliminating discrimination against pre-existing conditions. But he and other physician leaders are concerned that the bills don't contain malpractice limits like ones doctors have in Texas, which make it harder for patients to sue physicians. And they say the bills don't have a permanent fix for Medicare reimbursements that would stop cuts like one scheduled for late February to reduce payments to doctors by 21 percent.

"You expand coverage, but you don't expand access if doctors are not being reimbursed," said Texas Medical Association President Dr. William Fleming, a neurologist. "You can't keep your doors open if you're not adequately reimbursed."

Whatever Congress does is likely to be tweaked by future Congresses, Banning and others said.

"We didn't get into this problem overnight, and we're not going to get out of this overnight by any act of Congress," Banning said. "The way to eat an elephant is one bite at a time."

maroser@statesman.com; 445-3619

---

Find this article at:

[Print this page](#) [Close](#)

<http://www.statesman.com/news/texas/as-health-care-bills-wind-through-congress-texas-139190.html>

